



**Australian
Competition &
Consumer
Commission**

Our Ref: 53573
Contact Officer: Tanya Hobbs
Contact Number: 02 6243 1029

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21 January 2014

23 Marcus Clarke Street
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Dear Mr Alderuccio

Third line forcing notification N97175 lodged by SkinKandy Franchising Pty Ltd

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) on 24 December 2013. The notification has been placed on the ACCC's public register.

SkinKandy Franchising Pty Ltd (SkinKandy) has notified its franchising system under which it will offer franchises to prospective franchisees on condition that certain nominated good and services (which may change at the discretion of SkinKandy) must only be acquired from suppliers approved by SkinKandy.

Legal protection conferred by the notification commenced on 8 January 2014.

On the basis of the information that you have provided it is not intended that further action be taken in this matter at this stage.

As with any notification, please note that the ACCC may act to remove the legal protection provided by the notification at a later stage if it is satisfied that the likely benefit to the public from the conduct will not outweigh the likely detriment to the public from the conduct.

This assessment has been made on the basis that SkinKandy will disclose all relevant terms and conditions to current and prospective franchisees. In particular I note that SkinKandy is required to comply with the disclosure requirements of the Franchising Code of Conduct in relation to the notified arrangement. Among other things, these specify that a franchisor must provide information to franchisees in its disclosure document about:

- any restrictions on acquisition of goods or services by the franchisee from other sources
- whether the franchisor or an associate will receive a rebate or other financial benefit from the supply of goods or services to franchisees, including the name of the business providing the rebate or financial benefit and
- whether any such rebate or financial benefit is shared directly or indirectly with franchisees.

More generally I would note that the Franchising Code of Conduct also requires disclosure of:

- ownership by a franchisor or an associate of a franchisor of an interest in any supplier from which the franchisee may be required to acquire goods or services
- any restrictions by a franchisor on the goods or services that a franchisee may supply and
- any restrictions on the persons to whom a franchisee may supply goods or services.

A copy of this letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Tanya Hobbs on 02 6243 1029.

Yours sincerely

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a long horizontal line.

Dr Richard Chadwick
General Manager
Adjudication Branch